

Message Text

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PAGE 01 JAKART 09587 171116Z
ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 /075 W
-----056634 172021Z /21

R 170912Z JUL 78

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 204
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPOE
AMEMBASSY TOKYO

UNCLAS JAKARTA 9587

E.O. 11652: NA

TAGS: EFIN, EGEN, ID

SUBJECT: GOI ENTERS BOND MARKET FOR FIRST TIME

REF: JAKARTA 8989

1. INDONESIA FLOATED ITS FIRST FOREIGN DEBENTURE, A \$50 MILLION YEN DENOMINATED BOND MARKETED IN TOKYO BY MONURA SECURITIES, BANK OF TOKYO AND INDUSTRIAL BANK OF JAPAN, THE FIRST WEEK OF JULY. ACCORDING TO GOI FINANCE MINISTER ALI WARDHANA, THE OFFERING WAS FULLY SUBSCRIBED WITHIN ONE WEEK, WITH 60 PERCENT TAKEN UP BY PRIVATE INDIVIDUALS AND 40 PERCENT BY FINANCIAL INSTITUTIONS. THE BONDS MATURE IN TEN YEARS AND CARRY A RATE OF 7.5 PERCENT WITH A FOUR-YEAR GRACE PERIOD. WARDHANA POINTED TO THE SPEEDY SALE OF THE BONDS AND THE FACT THAT THEY WERE HEAVILY SUBSCRIBED BY NON-BANKING CIRCLES AS INDICATIONS OF THE STRONG FAITH IN AND THE STABLE POSITION OF INDONESIA'S FINANCIAL SITUATION ABROAD.

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2. IT NOW SEEMS LIKELY THAT THE BOND SALE WAS THE IMMINENT "IMPORTANT MONETARY DECISION" TO WHICH INFORMATION MINISTER ALI MURTOPO REFERRED JULY 15. ALTHOUGH MOST OF JAKARTA INTERPRETED THE MINISTER'S REMARKS AS MEANING THAT A CURRENCY REALIGNMENT WAS IN THE OFFING, RELIABLE SOURCES HAVE TOLD US THE BOND SALE WAS WHAT HE HAD IN MIND. MORE THAN A FEW HERE WOULD QUESTION WHETHER THE

BOND SALE WAS TRULY AS IMPORTANT A DEVELOPMENT AS
MURTOPO MADE IT OUT TO BE, BUT THAT MAY BE AS MUCH A
MATER OF HIS STYLE AS ENYTHING ELSE.
GARDNER

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NNN

Message Attributes

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